

The Wealth of Wealthholders

December 2014

Appendix C. Detailed Comparisons: VRI, HRS and SCF

This appendix compares the VRI with the most recent waves of the HRS (2012) and SCF (2013) in more detail. It compares surveys along dimensions including wealth, income and demographics. For each dimension, we also provide comparisons conditional on age groups to control for the effect of different age compositions across surveys.

Recall that the age distribution differs across the samples. Table A-C1 compares median value of wealth by age group to see whether the difference in the overall wealth distribution is caused by differences in age. Even after imposing the similar sampling screens, the VRI sample has a higher median wealth for almost all the age groups. Again, the gap is much smaller when the HRS and SCF samples are compared with the employer-sponsored sample of the VRI. For the HRS, the gap shrinks further if we condition on respondents with at least \$10,000 in 401(k)s or similar pension accounts. (Statistics for the age group 65+ under employer-sponsored conditions or 401(k) subset conditions are not very informative due to the small number of observations.)

Income. Tables A-C2 and A-C3 compare household annual income across samples. Compared to the overall population of the HRS and SCF, the VRI sample is not only wealthier, but also has higher income. The difference in income is, however, much smaller than the difference in wealth. If we impose the VRI screens, except for the oldest age group, income levels from the SCF are actually higher than the VRI; those from the HRS are quite comparable to those from the VRI. As a result, the wealth-to-income ratio is much higher for the VRI sample, as shown in Tables A-C4 and A-C5. This suggests that the high level of wealth of in the

VRI sample is not just due to the high level of lifetime income. They likely also save more, though other differences (e.g., inherited wealth) might be relevant.

Demographics. Table A-C6 compares education, health and marital status across samples. Tables A-C7, A-C8 and A-C9 compare the distributions of each of these variables by age bins. The VRI sample has a very high education level. Approximately 70% of the sample has a college degree with over half of those having an advanced degree. The education level is higher for the individual client sample. In contrast, only about 30% of that sample has a college degree in the HRS and the SCF. If we impose the VRI-equivalent screen, however, this gap almost disappears when compared to the employer-sponsored sample in the VRI. The college degree rates from the SCF and HRS are, under VRI-eligible conditions, similar to the VRI rate. For the HRS, the gap is further reduced for the 401(k) subset. Compared to the individual client sample, the HRS and SCF rates are still lower, though the gap is reduced considerably under the VRI-eligibility condition.

The VRI respondents are much healthier than the overall population with more than 70% reporting that their health is either excellent or very good. The corresponding percentage in the total HRS is about 40%. The SCF uses a different four-point scale, without the “very good” category. The fraction of respondents with excellent health is much higher in the VRI (31%) than in the SCF (18%). The gap is much smaller, though does not fully disappear, after imposing the VRI sampling screens on the HRS and the SCF.

The fraction of coupled households (defined as either married or partnered) in the VRI is 67%, which is roughly what was targeted by oversampling administrative singles. Even after this oversampling of singles, the fraction of coupled households is larger than that in the overall sample of the HRS and the SCF. Without imposing the VRI screens, the corresponding

percentages are about 51% in the HRS and 53% in the SCF. After imposing the VRI sampling criteria, coupled rates from the HRS and the SCF overshoot the VRI levels for most of the age groups owing to the VRI's oversampling of singles.

Table A-C10 compares retirement rates. Because the incidence of retirement changes so much with age, it makes sense to compare by age groups. Overall, once the VRI screens are imposed, the retirement rates are quite similar across the SCF and VRI. HRS respondents retire somewhat earlier relative to both the SCF and the VRI.

Table A-C1. Effect of Imposing VRI Sampling Screens: Median wealth by age

Age	VRI			HRS			SCF		
	Total	Employer-sponsored	Individual client	Age Eligible	VRI Eligible	VRI eligible, 401(k) subset	Age Eligible	VRI Eligible	VRI eligible, 401(k) subset
All	663,100	496,350	715,790	60,000	272,000	342,700	33,200	262,100	219,500
55-59	518,289	428,280	607,900	55,000	226,400	283,000	21,940	208,700	197,070
60-64	601,556	521,245	669,000	58,600	276,000	364,000	36,580	236,100	225,100
65-69	715,627	574,250	750,750	83,000	350,000	435,000	57,000	299,400	463,500
70-74	746,000	671,000	755,550	64,000	310,000	434,000	52,000	410,700	348,000
75-100	726,604	605,300	729,950	50,000	284,000	334,500	27,000	275,500	143,000

Note: HRS and SCF tabulations use sampling weights.

Table A-C2. Effect of Imposing VRI Sampling Screens: Income distribution

		Mean	Percentiles				
			10	25	50	75	90
VRI	All	121,481	27,004	50,000	82,017	125,000	191,616
	Employer-sponsored	122,800	42,370	65,000	100,000	146,000	218,201
	Individual client	121,040	24,000	45,000	76,655	119,133	180,000
HRS	Age eligible	65,856	8,476	15,384	30,400	70,300	145,604
	VRI eligible	110,274	17,532	31,600	63,000	123,240	230,000
	VRI eligible, 401(k) subset	134,119	25,927	48,001	87,030	153,010	262,000
SCF	Age eligible	90,848	13,189	22,320	42,601	85,221	160,296
	VRI eligible	177,786	36,219	54,785	91,308	160,296	295,229
	VRI eligible, 401(k) subset	197,214	43,625	66,959	101,453	173,484	320,592

Note: HRS and SCF tabulations use sampling weights.

Table A-C3. Effect of Imposing VRI Sampling Screens: Median income by age

		VRI			HRS			SCF		
Age	Total	Employer-sponsored	Individual client	Age Eligible	VRI Eligible	VRI eligible, 401(k) subset	Age Eligible	VRI Eligible	VRI eligible, 401(k) subset	
55-64	92,100	100,000	84,943	50,500	84,003	97,000	57,785	94,351	96,380	
65-74	79,704	100,698	75,130	29,756	46,659	62,051	45,654	91,308	115,657	
75-	71,755	73,343	71,703	18,660	30,432	38,437	28,407	66,553	92,322	

Note: HRS and SCF tabulations use sampling weights.

Table A-C4. Effect of Imposing VRI Sampling Screens: Wealth to income ratio

		Mean	Percentiles				
			10	25	50	75	90
VRI (SCF measure)	All	42.97	1.95	4.28	8.37	15.15	24.13
	Employer-sponsored	57.63	0.96	2.25	4.93	8.87	14.31
	Individual client	38.05	2.74	5.31	9.77	17.17	26.30
HRS	Age eligible	44.89	-0.04	0.04	1.46	5.95	16.39
	VRI eligible	95.97	0.59	1.50	3.80	10.39	24.49
	VRI eligible, 401(k) subset	25.30	0.64	1.54	3.35	8.04	17.38
SCF	Age eligible	3.13	-0.21	0.02	0.76	3.34	7.94
	VRI eligible	5.70	0.42	1.20	3.01	6.51	13.00
	VRI eligible, 401(k) subset	4.02	0.26	1.01	2.21	4.90	8.24

Note: HRS and SCF tabulations use sampling weights.

Table A-C5. Effect of Imposing VRI Sampling Screens: Median wealth to income ratio by age

Age	VRI			HRS			SCF		
	Total	Employer-sponsored	Individual client	Age Eligible	VRI Eligible	VRI eligible, 401(k) subset	Age Eligible	VRI Eligible	VRI eligible, 401(k) subset
55-64	5.90	3.79	7.13	1.01	2.70	2.88	0.53	2.24	2.01
65-74	9.53	5.16	10.1	1.71	5.89	5.88	1.01	4.38	3.27
75-	11.36	9.36	11.11	2.55	9.08	9.85	0.92	4.87	1.41

Note: HRS and SCF tabulations use sampling weights.

Table A-C6. Effect of Imposing VRI Sampling Screens: Education, Health, and Marital Status.

		VRI			HRS			SCF		
		Total	Employer-Sponsored	Individual client	Age Eligible	VRI Eligible	VRI eligible, 401(k) subset	Age Eligible	VRI Eligible	VRI eligible, 401(k) subset
Education	College grad.	32.18%	33.69%	31.67%	14.25%	22.62%	23.26%	16.26%	27.43%	25.87%
	Post grad.	38.45%	26.24%	42.53%	14.64%	26.36%	30.54%	14.32%	28.39%	28.55%
Health	Poor	0.84%	0.53%	0.94%	7.60%	2.25%	1.71%	10.32%	2.50%	2.42%
	Fair	4.77%	3.48%	5.20%	19.10%	11.10%	9.01%	26.19%	15.67%	17.02%
	Good	21.77%	22.33%	21.58%	31.81%	29.39%	30.29%	45.34%	55.46%	53.51%
	Very good	41.84%	42.25%	41.71%	31.43%	41.30%	42.27%			
	Excellent	30.78%	31.42%	30.57%	10.06%	15.95%	16.71%	18.14%	26.37%	27.05%
Marital Status	Coupled	67.21%	73.88%	64.97%	52.46%	69.89%	77.82%	53.18%	71.04%	74.97%
	Single	32.79%	26.12%	35.03%	47.54%	30.11%	22.72%	46.82%	28.96%	25.03%

Note: HRS and SCF education is based on years of schooling (college grad is exactly 16 years and post-grad is more than 16 years). VRI education is based on degree attainment. SCF health has a four-point scale, while VRI and HRS health have five-point scales. HRS and SCF tabulations use sampling weights.

Table A-C7. Effect of Imposing VRI Sampling Screens: Fraction with College Degree by Age

		VRI		HRS			SCF		
Age	Total	Employer-sponsored	Individual client	Age Eligible	VRI Eligible	VRI eligible, 401(k) subset	Age Eligible	VRI Eligible	VRI eligible, 401(k) subset
55-64	68.38%	57.61%	78.69%	32.12%	48.92%	50.30%	40.83%	61.96%	60.04%
65-74	73.08%	66.83%	74.18%	26.67%	46.78%	55.18%	39.48%	66.64%	68.12%
75-	69.52%	54.27%	69.82%	21.28%	46.03%	64.19%	20.85%	52.82%	29.06%

Note: Education is based on attainment. HRS and SCF tabulations use sampling weights.

Table A-C8. Effect of Imposing VRI Sampling Screens: Fraction with Very Good or Excellent Health by Age

Age	VRI			HRS			SCF		
	Total	Employer-sponsored	Individual client	Age Eligible	VRI Eligible	VRI eligible, 401(k) subset	Age Eligible	VRI Eligible	VRI eligible, 401(k) subset
55-64	75.61%	73.43%	77.70%	43.82%	57.82%	59.73%	19.81%	25.92%	24.77%
65-74	75.35%	74.30%	75.54%	43.69%	58.74%	57.26%	23.67%	32.43%	38.77%
75-	61.13%	74.29%	60.87%	34.85%	51.38%	56.25%	10.96%	8.91%	0.28%

Note: SCF does not have ‘Very Good’ category, so the fraction captures respondents with Excellent health only. HRS and SCF tabulations use sampling weights.

Table A-C9. Effect of Imposing VRI Sampling Screens: Fraction Married or Partnered by Age

Age	VRI			HRS			SCF		
	Total	Employer-sponsored	Individual client	Age Eligible	VRI Eligible	VRI eligible, 401(k) subset	Age Eligible	VRI Eligible	VRI eligible, 401(k) subset
55-64	66.05%	73.72%	58.69%	58.88%	72.05%	77.28%	58.45%	71.78%	73.27%
65-74	68.65%	74.82%	67.57%	56.60%	69.95%	79.06%	56.26%	72.70%	78.88%
75-	66.26%	65.72%	66.26%	36.46%	60.74%	80.57%	40.23%	60.82%	97.12%

Note: HRS and SCF tabulations use sampling weights.

Table A-C10. Effect of Imposing VRI Sampling Screens: Retirement Rate by Age

Age	VRI			HRS			SCF		
	Total	Employer-sponsored	Individual Client	Age Eligible	VRI Eligible	VRI eligible, 401(k) subset	Age Eligible	VRI Eligible	VRI eligible, 401(k) subset
All	55.80%	17.78%	68.52%	63.99%	53.23%	36.70%	56.56%	33.92%	16.87%
55-59	9.43%	4.57%	14.75%	24.42%	19.61%	13.84%	19.88%	7.65%	5.34%
60-64	26.68%	12.39%	38.86%	50.25%	42.05%	34.10%	38.62%	24.56%	15.90%
65-69	62.14%	34.13%	69.91%	76.50%	73.16%	66.15%	59.72%	44.39%	34.15%
70-74	81.23%	57.96%	83.31%	87.18%	85.16%	80.70%	77.06%	67.07%	49.44%
75-100	91.38%	74.29%	91.72%	91.57%	92.95%	90.84%	92.16%	87.37%	69.44%

Note: HRS retirement rate includes respondents with partial retirement. For SCF retirement rate variable ‘OCCAT1’ in the public version of data is used. Households are defined to be retired if ‘OCCAT1=3’, which also includes disabled, age +65 and not working, etc. HRS and SCF tabulations use sampling weights.